

***BETHEL LOCAL DEVELOPMENT CORPORATION***

***FINANCIAL STATEMENTS***

***DECEMBER 31, 2019***

BETHEL LOCAL DEVELOPMENT CORPORATION

DECEMBER 31, 2019

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## INDEPENDENT AUDITORS' REPORT

To the Board of the Bethel Local  
Development Corporation  
White Lake, NY

We have audited the accompanying statement of net position of the Bethel Local Development Corporation, a component unit of the County of Sullivan, New York, as of December 31, 2019 and 2018, and the related statements of revenues, expenses and changes in fund net position and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bethel Local Development Corporation as of December 31, 2019 and 2018, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2020 on our consideration of the Bethel Local Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bethel Local Development Corporation's internal control over financial reporting and compliance.



Mongaup Valley, New York  
July 28, 2020

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ending December 31, 2019

This section of the Bethel Local Development Corporation's annual financial report presents our discussion and analysis of the Corporation's financial performance during the fiscal year ended on December 31, 2019. Please read it in conjunction with the Corporation's financial statements and accompanying notes.

## FINANCIAL HIGHLIGHTS

- Total net position increased \$5,621, which continues a positive trend since the Corporation began receiving commission revenue from the Town of Bethel (Note 3)
- Operating revenues decreased \$2,157 (5.0%) from the previous year
- Operating expenses increased \$3,450 (11.4%) from the previous year.
- Net operating revenues of \$6,878 was down \$5,607 from the previous year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The Corporation's statements follow the accrual basis of accounting and are presented in a manner similar to a private business.

## FINANCIAL ANALYSIS OF THE CORPORATION

The following table summarizes the changes in net position between December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Current Assets	\$ 2,272	\$ 3,658
Non-Current Assets	<u>86,436</u>	<u>87,693</u>
Total Assets	<u>88,708</u>	<u>91,351</u>
Current Liabilities	617	881
Long Term Liabilities	<u>65,404</u>	<u>73,404</u>
Total Liabilities	<u>66,021</u>	<u>74,285</u>
Net Investment In Capital Assets	62,592	55,849
Restricted	16,136	11,917
Unrestricted	<u>(56,041)</u>	<u>(50,700)</u>
Total Net Position	<u>\$ 22,687</u>	<u>\$ 17,066</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ending December 31, 2019

*Operating Income.* The following table summarizes the changes in operating activity between fiscal years 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Commissions	\$ 15,000	\$ 15,000
Contributions	<u>25,663</u>	<u>27,820</u>
Total Operating Revenues	<u>40,663</u>	<u>42,820</u>
Program Expenses	22,841	23,136
Legal and Professional Fees	4,500	4,000
Consulting	3,000	3,000
Other Expenses	<u>3,444</u>	<u>199</u>
Total Operating Expenses	<u>33,785</u>	<u>30,335</u>
Operating Income	<u>\$ 6,878</u>	<u>\$ 12,485</u>

### CAPITAL ASSETS

The Corporation had \$86,436 and \$87,693 invested in capital assets, net of \$7,076 and \$5,819 in accumulated depreciation as of December 31, 2019 and 2018, respectively. Depreciation expense was \$1,257 and \$1,781 for the years ended December 31, 2019 and 2018, respectively.

### DEBT

The Corporation had no debt as of December 31, 2019 and 2018.

### CONTACTING THE CORPORATION'S MANAGEMENT

If you have any questions about this report or need additional information, contact Chris Cunningham, Manager, Bethel Local Development Corporation, at PO Box 300, White Lake, NY 12786.

BETHEL LOCAL DEVELOPMENT CORPORATION  
STATEMENT OF NET POSITION  
DECEMBER 31,

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current Assets		
Cash – Restricted	\$ <u>2,272</u>	\$ <u>3,658</u>
Total Current Assets	<u>2,272</u>	<u>3,658</u>
Fixed Assets		
Land - Smallwood Golf Course (Note 4)	80,944	80,944
Equipment	12,568	12,568
Accumulated Depreciation	<u>(7,076)</u>	<u>(5,819)</u>
Net Fixed Assets	<u>86,436</u>	<u>87,693</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 88,708</u></b>	<b><u>\$ 91,351</u></b>
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ <u>617</u>	\$ <u>881</u>
Total Current Liabilities	<u>617</u>	<u>881</u>
Long Term Liabilities		
Loans Payable – Related Party (Note 3)	<u>65,404</u>	<u>73,404</u>
Total Long Term Liabilities	<u>65,404</u>	<u>73,404</u>
<b>TOTAL LIABILITIES</b>	<b><u>66,021</u></b>	<b><u>74,285</u></b>
<b>NET POSITION</b>		
Net Investment In Capital Assets		
Restricted	62,592	55,849
Unrestricted	16,136	11,917
	<u>(56,041)</u>	<u>(50,700)</u>
<b>TOTAL NET POSITION</b>	<b><u>22,687</u></b>	<b><u>17,066</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 88,708</u></b>	<b><u>\$ 91,351</u></b>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

BETHEL LOCAL DEVELOPMENT CORPORATION  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEARS ENDED DECEMBER 31,

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Commissions	\$ 15,000	\$ 15,000
Contributions	<u>25,663</u>	<u>27,820</u>
TOTAL OPERATING REVENUES	<u>40,663</u>	<u>42,820</u>
OPERATING EXPENSES		
Program Expenses (Note 5)	22,841	23,136
Consulting	3,000	3,000
Legal and Professional Fees	4,500	4,000
Miscellaneous Expenses	<u>3,444</u>	<u>199</u>
TOTAL OPERATING EXPENSES	<u>33,785</u>	<u>30,335</u>
NET OPERATING REVENUE	6,878	12,485
NON-OPERATING EXPENSES		
Depreciation Expense	<u>(1,257)</u>	<u>(1,781)</u>
CHANGE IN NET POSITION	5,621	10,704
NET POSITION - Beginning of Period	<u>17,066</u>	<u>6,362</u>
NET POSITION – End of Period	<u>\$ 22,687</u>	<u>\$ 17,066</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION



BETHEL LOCAL DEVELOPMENT CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 25,663	\$ 27,820
Cash received from related parties	15,000	15,000
Cash payments for contractual expenses	<u>(34,049)</u>	<u>(30,789)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>6,614</u>	<u>12,031</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Property and Equipment	-	-
Repayment of Loans Payable	<u>(8,000)</u>	<u>(10,000)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(8,000)</u>	<u>(10,000)</u>
NET INCREASE (DECREASE) IN CASH	(1,386)	2,031
CASH- BEGINNING OF PERIOD	<u>3,658</u>	<u>1,627</u>
CASH- END OF PERIOD	<u>\$ 2,272</u>	<u>\$ 3,658</u>
Reconciliation of operating revenue to net cash provided by operating activities:		
Operating Revenue	\$ 6,878	\$ 12,485
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	<u>(264)</u>	<u>(454)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,614</u>	<u>\$ 12,031</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

BETHEL LOCAL DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Bethel Local Development Corporation was established in May 1998 under Section 1411 of the Not For Profit Corporation Law, which covers local development corporations. The purpose of the Bethel Local Development Corporation is to foster the creation, retention and expansion of jobs and economic opportunities within the Town of Bethel, located in Sullivan County, New York. The Corporation's main revenues are generated from grants and contributions.

Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The Corporation follows the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred. Fixed assets and long-term liabilities related to these activities are recorded within the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Operating Revenues and Expenses

In the statement of revenues, expenses and changes in fund net position, operating revenues and expenses include all activity that is part of the Corporation's normal operating activities. Interest earned on cash balances, depreciation and unusual or infrequent items are included as non-operating activities.

Cash

For the statement of cash flows, the Bethel Local Development Corporation considers all highly liquid investments as cash.

BETHEL LOCAL DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards

The Corporation has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2019 the Corporation implemented the following new standards:

GASB 83 – *Certain Asset Retirement Obligations*

GASB 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*

GASB 90 – *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 6*

GASB 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*

Future Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 84 – *Fiduciary Activities*, effective for the year ending December 31, 2020

GASB 87 – *Leases*, effective for the year ending December 31, 2022

GASB 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending December 31, 2021.

GASB 91 – *Conduit Debt Obligations*, effective for the year ending December 31, 2022.

GASB 92 – *Omnibus*, effective for the year ending December 31, 2022.

The Corporation will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

BETHEL LOCAL DEVELOPMENT CORPORATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications

In the financial statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Corporation’s restricted net position consisted of amounts restricted to use on the following programs as of December 31:

	<u>2019</u>	<u>2018</u>
Dog Park	\$ 161	\$ 2,944
Save Your Life	3,534	3,534
Literacy Center	1,613	1,613
Bethel Corridor Beautification	1,000	1,000
CEAP	2,135	457
Other Programs	<u>7,693</u>	<u>2,369</u>
 TOTAL	 <u>\$ 16,136</u>	 <u>\$ 11,917</u>

Unrestricted – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Agency.

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the Corporation and then determine which classification of net position will be applied.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred

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NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Corporation reported no deferred outflows or inflows of resources as of December 31, 2019 and 2018.

Capital Assets

The Corporation records all purchased capital assets at historical cost. Donated assets are recorded at their fair market or appraised value at the date of the gift. Depreciation and amortization of capital assets are provided over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives for depreciation purposes are as follows:

Equipment	5-10 Years
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Reclassifications

Certain items at December 31, 2018 have been reclassified to conform to the presentation at December 31, 2019. The reclassifications have no effect on the change in net position for the year ended December 31, 2018.

NOTE 2 – CASH AND INVESTMENTS

Corporation monies are deposited in FDIC-insured commercial banks in the form of demand deposits or certificates of deposit. All cash balances were covered by FDIC insurance as of December 31, 2019 and 2018.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Town of Bethel has control over the appointment of board members to the Bethel Local Development Corp. However, due to the criteria included in Governmental Accounting Standards Board Statement No. 61, the Corporation is not reported as a component unit since there is no financial benefit or burden on the Town as a result of the relationship.

The Corporation is involved in the following transactions with the Town of Bethel:

Loans Payable

The Bethel Local Development Corporation receives loans from the Town of Bethel to finance various projects in anticipation of future revenues, such as grant income, that will be used to repay the loans. The Corporation had the following outstanding loans with the Town of Bethel for the years ended December 31, 2019 and 2018:

BETHEL LOCAL DEVELOPMENT CORPORATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 3 – RELATED PARTY TRANSACTIONS (Continued)

	<u>2019</u>	<u>2018</u>
Smallwood Golf Course	\$ 23,844	\$ 31,844
Operating Funds	25,513	25,513
Community Events	<u>16,047</u>	<u>16,047</u>
 TOTAL	 <u>\$ 65,404</u>	 <u>\$ 73,404</u>

Operating Revenues

During the year ended December 31, 2014, the Town purchased a parcel of land from the Corporation to be used for sand and gravel mining. In addition to the purchase price, the Town will pay a commission to the Corporation for all sand and gravel extracted from the parcel. The annual commission of \$15,000 may be revised upon the mutual consent of both parties. The Corporation received commission payments from the Town of \$15,000 for each of the years ended December 31, 2019 and 2018.

NOTE 4 – SMALLWOOD GOLF COURSE

On November 4, 2011, the Bethel Local Development Corporation purchased a golf course located in the Town of Bethel, New York from the County of Sullivan. The property is reported as land and, therefore, no depreciation is recognized.

NOTE 5 – PROGRAM EXPENSES

The Corporation's program expenses for the years ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Bethel Business Association	\$ 4,094	\$ 3,519
Bethel Lions Club	6,650	5,999
Smallwood Golf Course	1,004	225
CEAP	1,847	1,378
Yoga	200	1,032
Dog Park	3,543	6,197
Noah's Buddy Benches	-	550
Save Your Life	-	1,771
Music in the Park	2,113	2,265
Miscellaneous Programs	<u>3,390</u>	<u>200</u>
	 <u>\$ 22,841</u>	 <u>\$ 23,136</u>

BETHEL LOCAL DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**NOTE 6 – LIABILITIES PAID FROM RESTRICTED ASSETS**

The following liabilities of the Corporation will be paid from restricted assets:

	<u>2019</u>	<u>2018</u>
Accounts Payable	\$ <u>556</u>	\$ <u>247</u>

**NOTE 7 – CAPITAL ASSETS**

Capital asset balances and activity for the years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS/ RECLASSIFICATIONS</u>	<u>ENDING BALANCE</u>
Non-depreciable capital assets:					
Land	\$ 80,944	\$ -	\$ -	\$ -	\$ 80,944
Total non-depreciable	<u>80,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,944</u>
Depreciable capital assets:					
Machinery and Equipment	12,568	-	-	-	12,568
Total depreciable	<u>12,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,568</u>
Less accumulated depreciation:					
Machinery and Equipment	5,819	1,257	-	-	7,076
Total Accumulated Depreciation	<u>5,819</u>	<u>1,257</u>	<u>-</u>	<u>-</u>	<u>7,076</u>
Total historical cost, net	<u>\$ 87,693</u>	<u>\$ (1,257)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,436</u>
 <b><u>2018</u></b>					
Non-depreciable capital assets:					
Land	\$ 80,944	\$ -	\$ -	\$ -	\$ 80,944
Total non-depreciable	<u>80,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,944</u>
Depreciable capital assets:					
Machinery and Equipment	12,568	-	-	-	12,568
Total depreciable	<u>12,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,568</u>
Less accumulated depreciation:					
Machinery and Equipment	4,037	1,782	-	-	5,819
Total Accumulated Depreciation	<u>4,037</u>	<u>1,782</u>	<u>-</u>	<u>-</u>	<u>5,819</u>
Total historical cost, net	<u>\$ 89,475</u>	<u>\$ (1,782)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,693</u>

BETHEL LOCAL DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE 8 – NET INVESTMENT IN CAPITAL ASSETS

	<u>2019</u>	<u>2018</u>
Net Capital Assets	\$ 86,436	\$ 87,693
Less: Outstanding Loans	<u>(23,844)</u>	<u>(31,844)</u>
Net Investment In Capital Assets	<u>\$ 62,592</u>	<u>\$ 55,849</u>

NOTE 9 – EVENTS OCCURRING AFTER REPORTING DATE

The Bethel Local Development Corporation has evaluated events and transactions that occurred between December 31, 2019 and July 28, 2020, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Board of the Bethel Local  
Development Corporation  
White Lake, New York 12786

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Bethel Local Development Corporation, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Bethel Local Development Corporation's financial statements and have issued our report thereon dated July 28, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bethel Local Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bethel Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bethel Local Development Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control that we consider to be a significant deficiency. We consider the deficiency described below to be a significant deficiency in internal control:

Management does not possess the necessary training required to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bethel Local Development Corporation, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mongaup Valley, New York  
July 28, 2020